

COMMONWEALTH OF KENTUCKY  
Department of Education  
Division of School Finance

Bond of Depository for Public School Funds

The undersigned, \_\_\_\_\_ Bank of \_\_\_\_\_, Kentucky, hereinafter referred to as the Depository, hereby acknowledges itself bound to the Commonwealth of Kentucky, and the \_\_\_\_\_ Board of Education, in the penal sum of \_\_\_\_\_ dollars (\$ \_\_\_\_\_)\* that it, as depository of the \_\_\_\_\_ Board of Education, shall well and truly discharge the duties of said office according to law, account for, to the proper authorities, and pay over to all parties legally entitled thereto on proper warrants all funds that may come into its hands as Depository of the Board of Education aforesaid for a maximum of 2 years, beginning July 1, 20\_\_\_\_.

As collateral for this undertaking the undersigned hereby pledges \_\_\_\_\_ (type of collateral\*\* - attach portfolio) in the principal sum of \_\_\_\_\_ dollars (\$ \_\_\_\_\_)\*\*\* deposited in escrow with the \_\_\_\_\_ Bank of \_\_\_\_\_, Kentucky, hereinafter referred to as the Escrow Agent, evidenced by the safekeeping receipt filed in the offices of the local board of education, provided, however, that at no time shall the amount of collateral be reduced without the execution of a new bond which shall have prior approval by the Kentucky Department of Education, Division of School Finance, Frankfort, Kentucky.

The undersigned, the Depository, hereby reserves the right unto itself, (1) to detach and collect for its own use and benefit all coupons of said bonds as they mature; (2) to substitute for any of said bonds, other United States Government bonds and/or Kentucky School Revenue Bonds of the same face or par value; (3) to terminate all liability under this bond and escrow deposit by giving thirty (30) days notice, in writing, of its intention to do so to the chairperson of the \_\_\_\_\_ Board of Education, by registered mail, addressed to such chairperson at \_\_\_\_\_, Kentucky, and to the chairperson of the Kentucky Board of Education, by registered mail, addressed to such chairperson at Frankfort, Kentucky. Within the thirty days, the Depository shall make statements with the board, pay over all funds in its hand to the board, and exhibit to the Escrow Agent a copy of the settlement, duly receipted by the secretary and chairperson of the board. The Board of Education shall cancel this bond only by giving thirty (30) days notice in writing, of its intention to do so, to the Depository, by registered mail, and to the chairperson of the Kentucky Board of Education by registered mail.

It is further conditioned that liability of this bond in not to be effectual until Federal Deposit Insurance protection is exhausted.

IN WITNESS WHEREOF, the undersigned has caused its corporate name to be subscribed and its corporate seal to be affixed hereof, this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_.

Name of Bank \_\_\_\_\_

By (Bank Official) \_\_\_\_\_ Title \_\_\_\_\_

We hereby certify to the Commissioner of Education that the bond appearing hereon is a true copy of the bond executed and delivered by the Depository of this Board of Education, and it was approved by the \_\_\_\_\_ Board of Education on \_\_\_\_\_, 20\_\_\_\_.

Chairperson \_\_\_\_\_ Secretary \_\_\_\_\_

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Note: Mail completed copy to the Kentucky Department of Education, Division of School Finance, 500 Mero Street, Frankfort, Kentucky.

\* Should agree with penal sum.

\*\* This collateral shall consist of United States Government Bonds, Kentucky School Revenue Bonds, and/or Federal Government Agency Obligations.

\*\*\* May not be less than penal sum.

2200-051

# BOND OF DEPOSITORY WORKSHEET

## Penal Sum Calculation

**INSTRUCTIONS:** DISTRICT NAME: \_\_\_\_\_

1. Copy this form - one copy for each financial institution where you have accounts.
2. Write in all account names at this bank - include school activity, general, payroll, and school food services.
3. Use bank statements from the last 12 months to complete this worksheet, start with most current bank statement in the appropriate month row and proceed with prior months until all month rows are completed.
4. Enter the bank balance on the 4th working day of the month.

BANK NAME: \_\_\_\_\_

ACCOUNT NAME					
MONTH	BALANCE ON THE 4 <sup>th</sup> WORKING DAY OF THE MONTH				TOTAL
JANUARY					
FEBRUARY					
MARCH					
APRIL					
MAY					
JUNE					
JULY					
AUGUST					
SEPTEMBER					
OCTOBER					
NOVEMBER					
DECEMBER					

6. Add balances across to get total balance at this bank.
7. Circle the three months having the highest numbers in the total column.
8. Copy those three numbers here and add:

\_\_\_\_\_

+ \_\_\_\_\_

+ \_\_\_\_\_

= \_\_\_\_\_

/3= \_\_\_\_\_

- \_\_\_\_\_

= \_\_\_\_\_

9. Divide by 3 to get average of three high months deposits
10. Subtract amount insured by FDIC (\$100,000)
11. This is the penal sum of the bonds.
12. Retain this worksheet, your copy of the bond of depository, listing of collateral, and safekeeping receipts.
13. Track expiration dates of collateral and secure new listing with renewals of expired collateral from this depository.

Forward collateral listing and copy of this worksheet to Division of School Finance.